

Message Text

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64

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 /084 W

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R 061655Z APR 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5156

INFO AMEMBASSY MONTEVIDEO

AMEMBASSY SANTIAGO

LIMITED OFFICIAL USE BUENOS AIRES 2289

E.O. 11652: GDS

TAGS: EFIN, AR

SUBJECT: STOCK MARKET RISES SPECTACULARLY; FOREIGN EXCHANGE
MARKETS REOPEN ON FIRM BASIS

1. ON FIRST WORKING DAY (APRIL 5) FOLLOWING COUP,
BUENOS AIRES STOCK MARKET ROSE SPECTACULARLY. ACCORDING PRESS,
VIRTUALLY EVERY SHARE ON MARKET INCREASED. WELL KNOWN LOCAL
STOCK INDEX RECORDED 122 PERCENT GAIN IN SINGLE DAY. MANY
SHARES DOUBLED OR TRIPLED IN VALUE. LOCAL STOCK BROKER ON
SCENE DESCRIBED MARKET AS MADHOUSE. SHARE VOLUME AND VALUE
REACHED ALL TIME RECORD FOR BUENOS AIRES EXCHANGE. BUYING
DEMAND STILL STRONG AS MARKET CLOSED.

2. YESTERDAY, APRIL 5, FOREIGN EXCHANGE MARKETS ALSO OPENED
FOR FIRST TIME SINCE COUP. AREAS WHERE FOREIGN EXCHANGE
HOUSES LOCATED CROWDED WITH ONLOOKERS EAGER TO SEE WHICH
DIRECTION MARKET MOVING. FREE MARKET OPENED AT ABOUT 270/280
PESOS PER DOLLAR BUYING AND SELLING, NOT GREATLY CHANGED FROM
MAR. 23 LEVEL BEFORE EXCHANGES COSED BY MILITARY GOVT.
BY DA'S END, FREE MARKET RATE HAD SUNK TO ABOUT 260/270

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PESOS PER DOLLAR BUYING AND SELLING WITH EXCHANGE HOUSES

REPORTEDLY HAVING DIFFICULTY MEETING HEAVY TOURIST EXCHANGE DEMANDS. PARALLEL RATE WAS APPROXIMATELY 280/290 PESOS PER DOLLAR BUYING AND SELLING (COMPARED WITH 340/350 PESOS ON LAST DAY BEFORE COUP) BUT SOURCES SAY OPERATIONS VERY RESTRICTED.

COMMENT: BIG BULL STOCK MARKET AND STABILITY ON FOREIGN EXCHANGE MARKETS INDICATE INITIAL CONFIDENCE IN NEW MILITARY GOVT AND ECONOMIC PROGRAM. AFTER ONLY ONE DAY'S MARKET ACTIVITY, HOWEVER, OVERALL PICTURE AND TRENDS NOT YET CLEAR.

HILL

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Message Attributes

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